

SBA News and Views is a monthly publication of the SBA Wisconsin District Office. Its purpose is to provide Wisconsin lenders and small business leaders with up-to-date information on SBA programs and small business issues. It is distributed at no cost, and the reprinting of articles is encouraged

Serving America's Small Businesses

U.S. Small Business Administration Wisconsin District Office

Eric Ness, District Director
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SBA Home Page
<http://www.sba.gov>
Wisconsin SBA Home Page
<http://www.sba.gov/wi>

Editor:
Jan Nienow
janice.nienow@sba.gov

Disaster Area Declared in Wisconsin

The U.S. Small Business Administration announced that the counties of **Dane** and **Richland** and the contiguous counties of **Columbia, Crawford, Dodge, Grant, Green, Iowa, Jefferson, Rock, Sauk, and Vernon** have been declared a disaster area as a result of the tornadoes that occurred on August 18, 2005.

“As a result of this declaration, low-interest loans are available to **renters, homeowners, businesses, and non-profit organizations** that sustained damages from the tornadoes,” said Frank Skaggs, Director of SBA Field Operations Center – East. “If you had any damage as a result of the August 18, 2005 tornadoes, you are eligible to apply for this help,” Skaggs added.

To assist disaster victims, SBA is opening two temporary Disaster Outreach Centers in Dane and Richland Counties. The Dane County location is the Stoughton Area Senior Center, 248 West Main Street in Stoughton. The Richland County Center is located in the Community Building, 118 West Commercial Street in Viola. The Centers will open Tuesday, January 10th at 12:00 noon and will remain open Monday through Friday between 8:00 a.m. and 5:00 p.m., until further notice.

SBA offers loans up to \$40,000 for renters and homeowners to repair or replace disaster damaged personal property such as furniture and clothing. Homeowners are eligible for loans up to \$200,000 to repair disaster damaged primary residences. Loans to

businesses of all sizes and non-profit organizations are available up to \$1.5 million to repair damage to real estate, machinery, equipment, and inventory. Economic Injury Disaster Loans (EIDLs) are also available to small businesses unable to pay bills or meet operating expenses.

Interest rates are as low as 2.687 percent for renters and homeowners and 4.000 percent for businesses with terms up to 30 years. Loan amounts and terms are set by SBA and are based upon each applicant's financial condition.

“We want everyone who had damages caused by the tornadoes to come in and personally meet with an SBA Representative. Our Representatives will be glad to answer any questions about the disaster loan program, give you a disaster loan application, and provide any extra help you may need or want with completing the application,” Skaggs said.

Anyone unable to visit the Disaster Outreach Centers may obtain applications by calling the SBA Disaster Assistance National Customer Service Center at 1-800-659-2955 (for hearing-impaired, 1-800-877-8339).

Applications may be obtained, completed and returned to the Disaster Outreach Centers or mailed to: U.S. Small Business Administration, National Processing and Disbursement Center, 14925 Kingsport Road, Fort Worth, Texas 76155.

The deadline for physical damage applications is March 6, 2006; the deadline for economic injury applications is October 5, 2006.

SBA Upcoming Event

On January 30 and 31, 2006, SBA will be speaking at the KI Center and the Radisson Hotel Conference Center in Green Bay at the Wisconsin Procurement Institute's Conference segments, *Opening Doors to Government Business and Selling to the Government – for Construction, Engineering, Environmental Industries*. SBA will be working in partnership with Congressman Mark Green and Congressman Tom Petri.

SBA Community Express Program

CommunityExpress is a pilot SBA loan program that was developed in collaboration with the National Committee Reinvestment Coalition (NCRC) and its member organizations. Those eligible for CommunityExpress are Women, Veterans, Ethnic Minorities and Rural Area Businesses. The program also includes technical and management assistance, that is designed to help increase the loan applicant's chances for success.

- The maximum loan amount under CommunityExpress is \$250,000.
- The CommunityExpress guaranty is 85 percent for loans up to \$150,000 and 75 percent for loans greater than \$150,000 up to \$250,000.
- Turnaround time is mostly within 36 hours.
- Lender uses most of their own forms and procedures.
- Lenders are not required to take collateral for loans up

to \$25,000. Lenders may use their existing collateral policy for loans over \$25,000 up to \$150,000. Loans greater than \$150,000 follow SBA's general collateral policy.

- Credit decision is done by the lender.
- Technical assistance is arranged or provided by lender.

The Agency is now expanding the program to PLP lenders that have at least a 90 percent currency rate on their SBA 7(a) portfolio for the last 3 fiscal years and to selected non-PLP lenders that meet the eligibility requirements for participating in the SBAExpress program.

Technical Assistance has been recognized, by both the NCRC and SBA as often crucial to the success of these businesses. As a result, the CommunityExpress includes a specific technical assistance component. A list of Wisconsin SBA CommunityExpress Technical Assistance Providers can be found on Wisconsin's SBA web site at www.sba.gov/wi/expressta.pdf.

CommunityExpress lenders must establish (and document) an internal procedure to ensure the consistent delivery of appropriate and effective technical and management assistance. The process begins with the identification of qualified and committed T/A providers. The focus then shifts to the CommunityExpress applicant and the T/A provider's development of a business plan (as appropriate) and an assessment of the applicant's management and

technical strengths and weaknesses. If weaknesses are identified as a result of that assessment, the lender should document the T/A provider's recommendations and the remedial plan. The lender, in cooperation with the T/A provider, is expected to strongly encourage the applicant to follow that plan.

For more information and/or questions about the CommunityExpress program, please contact Wisconsin's SBA Milwaukee office at 414-297-3941 or Madison office at 08-441-5263.

Make Your Money Talk TV Coverage

On Wednesday, January 25, 2006, WITI-TV-Channel 6 in Milwaukee, will air a story on Improving Personal Finances. The segment features two clients who have been through the Wisconsin Women Business Initiative Corporation's (WWBIC) Make Your Money Talk program. The station also filmed some of WWBIC's staff talking about the importance of information and knowledge about finances-budgets, savings and assets.

The segment will air during the 9:00 and 10:00 p.m. newscasts. There will also be an opportunity to call in with questions.

How to Start a Business

Starting and managing a business takes motivation, desire, and talent. It also takes research and planning.

Like a chess game, success in small business starts with decisive and correct opening moves. Moreover, initial mistakes are not fatal; it takes skill, discipline, and hard work to regain the advantage.

To increase your chance for success, take the time up front to explore and evaluate your business and personal goals. Then use this information to build a comprehensive and well-thought-out business plan that will help you reach these goals.

The process of developing a business plan will help you think through some important issues that you may not have considered yet. Your plan will become a valuable tool as you set out to raise money for your business. It should also provide milestones to gauge your success.

The SBA, through a relationship with *My Own Business* offers a special online course on how to get started with a small business. Visit the website at www.myownbusiness.org/course_sba.html.

Before starting out, list your reasons for wanting to go into business. Some of the most common reasons for starting a business are wanting to be your own boss, wanting to attain financial independence, wanting more creative freedom and wanting to be able to fully exploit your talents and skills.

Next, you need to determine what business is "right for you". Ask yourself a few questions, such as:

- What do I like to do with my time?

- What technical skills have I learned or developed?
- What do others say I am good at?
- How much time do I have to run a successful business?
- Do I have any hobbies or interests that are marketable?

Then you should identify the niche your business will fill. Conduct the necessary research to answer these questions:

- Is my idea practical and will it fill a need?
- What is my competition?
- What is my business advantage over existing firms?
- Can I deliver a better quality service?
- Can I create a demand for your business?

The final step before developing your plan is the pre-business checklist. You should answer these questions:

- What business am I interested in starting?
- What services or products will I sell? Where will I be located?
- What skills and experience do I bring to the business?
- What will be my legal structure?
- What will I name my business?
- What equipment or supplies will I need?
- What insurance coverage will be needed?
- What financing will I need?
- What are my resources?
- How will I compensate myself?

Your answers will help you create a focused, well researched business plan that should serve as a blueprint. It should detail how the business will be operated, managed and capitalized.

For a broad discussion on start-up business topics, visit the SBA website at www.sba.gov/starting_business/index.html.

For a free online start-up guide, visit www.sba.gov/starting_business/startup/guide.html.

SBA Hurricane Loans Exceed \$2 Billion

The SBA has now approved more than \$2 billion in disaster relief funds to assist those affected by the devastating hurricanes that struck the Gulf Coast and Florida. The SBA is currently averaging more than \$36 million in loan approvals a day in December to the small businesses and homeowners who need assistance.

"This massive effort is showing month-by-month, week-by-week and day-by-day the kinds of historic results we've expected all along in bringing long-term relief to affected homeowners and small business," said SBA Administrator Hector V. Barreto. "Despite the substantial hurdles caused by the damage and dislocation of these storms, the SBA and its workforce continue to approve disaster loans at a record pace.

"While maintaining our responsibility to taxpayers not to approve loans that cannot be repaid, we have still approved over \$1 billion in less than 30 days and \$2 billion

in four months, which is a faster disaster response than the SBA has ever given to any disaster in our 52-year history,” Barreto said.

“I can tell you that this is the SBA’s top priority for the people in the Gulf Coast and Florida areas and we are working tirelessly, with the greatest dedication and compassion to help those affected by this terrible disaster,” Barreto said.

Barreto noted that only one other disaster in the agency’s history has exceeded the \$2 billion mark – the Northridge Earthquake of 1994, at \$4 billion in approved loans, The Florida hurricanes of 2004 topped out at \$1.86 billion.

“To respond to this unprecedented catastrophe, the SBA disaster staff has grown five times larger than it was before Hurricane Katrina hit the Gulf Coast on August 29, and we have performed more than 146,000 site inspections in just three months, what is normally a full year’s worth of inspections,” Barreto said. “Even though the SBA is approving loans faster than it ever has in our 52-year history, we will continue to do everything we can to move even faster.”

SBA Inspector General Does Not Find That STAR Loan Recipients Were Unqualified For Program

At the request of the Administrator of the U.S. Small Business Administration, the SBA Inspector General conducted a review of a special post-9/11 loan program and did not find that loan recipients

were unqualified for the program, although he did note that lender documentation could have been better.

The Loan program, known as Supplemental Terrorist Activity Relief (STAR), was established by Congress in January 2002 to provide working capital to the nation’s small business community as a result of the widespread economic downturn caused by the terrorist attacks of September 11, 2001. The one-year program was operated through the SBA’s main loan guarantee program and the loans were made by participating banks.

The STAR loan program should not be confused with SBA’s regular disaster loan program, which provided highly subsidized direct loans from the government to businesses throughout the country directly affected by the events of 9/11.

“We’d like to thank our Office of Inspector General for looking into this matter,” said SBA Administrator Hector V. Barreto. “SBA implemented the STAR program as Congress intended. Furthermore, the program in no way impacted those eligible to receive low-interest loans through our separate disaster loan program following the terrorist attacks.”

The Inspector General also found that loans made under STAR had a lower default rate than the regular guaranteed loans in the portfolio and that qualified borrowers were not precluded from receiving STAR loans due to a lack of funds.

In its recommendations, the Inspector General suggested that if a similar program is enacted in the future, the SBA has more robust documentation requirements, and that it strengthens its review of defaulted loans rather than operating under standard procedures.

The SBA will accept most of the audit’s recommendations, and has alerted lenders that it will not honor its guarantee on defaulted loans that are missing the required documentation.

SCORE Corner

Throughout the year, SCORE” Counselors to America’s Small Business”, holds loan seminars and offers workshops covering a variety of business related topics. At the loan seminars, financial programs of the Small Business Administration are discussed as well as general aspects of starting and running a business. Score counselors and other working professionals in relevant fields, lead workshops and share their expertise with workshop participants.

For more information on dates, locations and costs, please access Wisconsin’s SBA calendar at the Web-site address listed in Editor’s Notes below.

Editor’s Notes

We are no longer adding calendar items to the newsletter. They can be accessed at <http://app1.sba.gov/calendar/states/calendar.cfm?op=group&grp=73>.

SBA Lenders for December 2005

Amcore Bank NA

Rockford, IL – 2 Loans for \$411,000

**American National Bank
Fox Cities**

Appleton – 1 Loan for \$120,000

Associated Bank NAGreen Bay – 20 Loans for
\$2,150,700**Bank of Luxemburg**

Luxemburg – 1 Loan for \$391,000

Baylake BankSturgeon Bay – 2 Loans for
\$150,000**Business Bank Fox River Valley**

Appleton – 2 Loans for \$150,000

Business Loan Center, LLCPanama City Beach, FL
1 Loan for \$50,000**Capital One Federal Savings Bank**McLean, VA – 10 Loans for
\$325,000**Charter One Bank NA**Cleveland, OH – 1 Loan for
\$100,000**CIT Small Business Lending
Corp.**Livingston, NJ – 2 Loans for
\$536,000**Community Bank & Trust**

Sheboygan – 7 Loans for \$1,662,700

Community Bank Central WI

Colby – 2 Loans for \$286,600

Community First Credit Union

Appleton – 2 Loans for \$100,000

Coulee Bank

La Crosse – 4 Loans for \$250,000

First Bank Financial CentreOconomowoc
3 Loans for \$2,446,113**First National Bank Fox Valley**

Neenah – 2 Loans for \$588,000

First National Bank & Trust

Barron – 1 Loan for \$60,000

First National Bank-Hartford

Hartford – 1 Loan for \$15,000

Great Lakes Asset Corporation

Green Bay – 2 Loans for \$768,000

Green Lake State Bank

Green Lake – 1 Loan for \$1,400,000

Hometown Bank

St. Cloud – 5 Loans for \$808,000

Johnson Bank

Racine – 1 Loan for \$50,000

JPMorgan Chase Bank NAHouston, TX
5 Loans for \$400,000
Phoenix, AZ – 1 Loan for \$407,800
Total: 6 Loans for \$807,800**Legacy Bank**

Milwaukee – 1 Loan for \$80,000

M&I Marshall & Ilsley BankMilwaukee – 5 Loans for
\$2,548,800**Milwaukee Economic
Development Corporation**

Milwaukee – 1 Loan for \$1,099,000

Ozaukee Bank

Cedarburg – 1 Loan for \$75,000

Park Bank

La Crosse – 1 Loan for \$124,200

Pyramax Bank, FSB

Greenfield – 4 Loans for \$521,000

River Valley State Bank

Rothschild – 3 Loans for \$325,500

Rural American Bank-Luck

Luck – 1 Loan for \$350,000

State Bank of Cross Plains

Cross Plains – 2 Loans for \$125,000

State Bank of La Crosse

La Crosse – 2 Loans for \$318,000

The First State Bank

Clintonville – 1 Loan for \$717,000

The Park Bank

Madison – 3 Loans for \$185,000

The Reedsburg Bank

Reedsburg – 1 Loan for \$375,000

U.S. Bank NACincinnati, OH
23 Loans for \$908,700**Union State Bank**

Kewaunee – 1 Loan for \$120,000

Waukesha State Bank

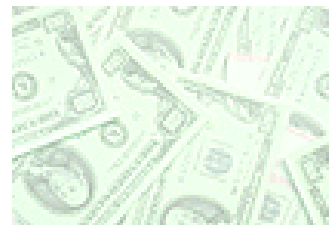
Waukesha – 2 Loans for \$1,323,000

Wells Fargo Bank NAMinneapolis, MN
1 Loan for \$160,000
San Jose, CA – 11 Loans for
\$687,000**Total: 12 Loans for \$847,000****Wisconsin Business Development
Finance Corporation**

Monona – 13 Loans for \$7,056,000

Wisconsin Community Bank

Cottage Grove – 1 Loan for \$50,000





- ☒ Looking for Information about Starting a Small Business?
- ☒ Need Help Getting your Small Business Started?
- ☒ Looking for Financing for your New and/or Growing Business Needs?

**The Wisconsin U.S. Small Business Administration
Can Help!**

**Stop in on Wednesdays from 8 am to Noon to Meet with a
Loan Specialist at:**

**McALLEN T.E.C. Center
(across from MATC)
3591 Anderson Street, Room 223
Madison, WI 53704**

OR

**Call Becky at (608) 441-5519 to
Schedule an Appointment**